

# Contract Notification

<b>CN No.</b>	<b>2020-01</b>	<b>Date:</b>	<b>9 January 2020</b>
<b>To:</b>	Chief Executive Officer or equivalent		
<b>Purpose:</b>	Distribution of 2020 Internal Audit Checklist		
<b>Scope:</b>	All 2018-19 VET Funding Contracts (extended to 31 December 2020)		
<b>Subject:</b>	<b>2020 Internal Audit Checklists</b>		

## For all Training Provider staff

### Purpose

- To provide all TAFE and non-TAFE Training Providers holding a 2018-19 VET Funding Contract (extended to 31 December 2020) (the Contract) with an Internal Audit Checklist, to assist them in determining that they have the quality systems, processes and resources in place to meet the requirements of the Contract.

### Background

- Pursuant to clause 11.4 of all Contracts, Training Providers are required to conduct an internal audit of their compliance during each calendar year in accordance with any requirements of the Department. The internal audit must be:
  - signed off by the CEO of the Training Provider; and
  - provided to the Department, or its auditors or reviewers, on request.
- The Department has today published the 2020 Internal Audit Checklist (IAC) to the 'Documents' section of the Skills Victoria Training System (SVTS). As in 2019, there is one version of the 2020 IAC which encompasses all five types of the Contract.
- To reduce the administrative burden for Training Providers, the Department has highlighted changes between the 2019 and 2020 IACs using a **red** text.
- The 2020 IAC presents Training Providers with a management tool to assist them in complying with the requirements of clauses 11.4 and 11.5 of all Contracts. The internal audit is a contractual requirement in itself, and forms part of the Training Provider's ongoing internal controls and continuous improvement processes.
- The Department encourages Training Providers to also include testing of relevant student and teacher files during internal audits to verify that relevant internal business processes are being followed and align to the requirements of the Contract. Evidence of compliance testing should be attached within the IAC and be made available to the Department (or its representatives) on request.
- The 2020 IAC reflects the requirements of the current Contracts, and encompasses (but is not limited to) the requirements that may be considered as part of any audit or review by the Department. It should not however be relied on as the sole process for monitoring a Training Provider's contractual compliance.
- The Department understands that Training Providers operate in a range of different contexts and there is enormous diversity in VET course offerings, and would prefer Training Providers to be free to invest in the tools that suit their students, their context and their business process. It is for these reasons that the

Department does not prescribe or mandate how a Training Provider goes about achieving compliance for every aspect of the Contract. However, the IAC intends to encourage Training Providers to review their operations and ensure appropriate processes and controls are in place to elicit and evidence compliance.

- The Department reminds Training Providers that in accordance with Contract Notification 2018-03 *Making and/or amending Records*, should an administrative oversight be identified whilst conducting the IAC, which requires an amendment of a Record, the Training Provider is required to take steps to document the amendment such that a reasonable person could ascertain the nature of the rationale for the amendment in a straightforward way.

## Actions Required

### *Timeframe for completion*

- Pursuant to clause 11.4 of the Contract, the Department requires that all Training Providers complete their 2020 internal audit by 30 June 2020. The previous completion of an internal audit in calendar year 2018 or 2019 does not preclude the requirement to complete a further audit in 2020.
- Training Providers are strongly encouraged to complete their audit as early as possible to ensure they are aware of their contractual requirements, and have ample time to mitigate any compliance risk for the remainder of the calendar year.
- As per clause 3.5 of the Contract, the Department may take account of the Training Provider's performance (including at audit or review) in any calendar year when considering future contractual arrangements. Accurate and candid completion of the IAC will assist Training Providers in self-identifying and addressing any non-compliances prior to any audit or review.

### *Forward actions*

- If when completing the internal audit a non-compliance with the Contract is identified, Training Providers are expected to develop a rectification plan within a reasonable timeframe to address any instances of non-compliance (clause 11.5 (b) of the Contract).
- If a Training Provider is requested to provide results of its 2020 internal audit to the Department, the submission must be made via SVTS enquiries under the category '*Contact Compliance Audit Program – Internal Audit Checklists*'.
- All queries concerning this Contract Notification, including any feedback on the 2020 IAC, should also be lodged on SVTS under the same category.

## Relevant Resources

- 2020 Internal Audit Checklist

### **Greg Norton**

Executive Director  
Training Market Services